

TOUGHER TO RAISE TAXES**COMPLETE TEXT**

AN ACT Relating to limiting taxes and fees imposed by state government; amending RCW 43.135.034, 43.135.055, 43.135.041, and 43.135.033; adding a new section to chapter 43.135 RCW; and creating new sections.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

INTENT

NEW SECTION. **Sec. 1.** The people want to ensure short-term and long-term protection from state tax and fee increases for individuals, families, businesses, and our state's economy.

The people find that accountability and effectiveness are important aspects of setting tax policy. In order to make policy choices, the legislature needs information to evaluate whether the continuation of recently enacted tax and fee increases is in the public interest. This measure concerns state taxes and fees. This measure limits tax increases to one year unless approved by a two-thirds legislative vote or majority popular vote, requires the legislature to decide fees, and terminates 2016 tax and fee increases imposed without such approval.

The people want to ensure that tax and fee increases are consistently a last resort.

TIME LIMITS FOR TAX INCREASES

NEW SECTION. **Sec. 2.** A new section is added to chapter 43.135

RCW to read as follows:

(1) A tax increase is limited to one year unless approved by a two-thirds legislative vote or majority popular vote.

(2) A tax increase imposed in 2016 must expire on the effective date of this act unless approved by a two-thirds legislative vote or majority popular vote.

(3) Once the duration of a tax increase ends under this section, the department of revenue may not collect revenue from any tax increase enacted without a two-thirds legislative vote or majority popular vote.

(4) For the purposes of this chapter, "majority popular vote" means a vote approved with a simple majority vote of the people at an election.

Sec. 3. RCW 43.135.034 and 2015 3rd sp.s. c 44 s 421 are each amended to read as follows:

(1) (a) ~~((Any action or combination of actions by the legislature that raises taxes may be taken only if approved by a two-thirds vote in both the house of representatives and the senate))~~ A tax increase is limited to one year unless approved by a two-thirds legislative vote or majority popular vote. Pursuant to the referendum power set forth in Article II, section 1(b) of the state Constitution, tax increases of any duration may, by a majority vote of the legislature, be referred to the voters for their approval or rejection at an election. Once the duration of a tax increase ends under this section, the department of revenue may not collect revenue from any tax increase enacted without a two-thirds legislative vote or majority popular vote.

(b) For the purposes of this chapter, "raises taxes" or "tax increase" means any action or combination of actions by the state legislature that increases state tax revenue deposited in any fund, budget, or account, regardless of whether the revenues are deposited into the general fund.

(2) (a) If the legislative action under subsection (1) of this section will result in expenditures in excess of the state expenditure limit, then the action of the legislature may not take

effect until approved by a vote of the people at a November general election. The state expenditure limit committee must adjust the state expenditure limit by the amount of additional revenue approved by the voters under this section. This adjustment may not exceed the amount of revenue generated by the legislative action during the first full fiscal year in which it is in effect. The state expenditure limit must be adjusted downward upon expiration or repeal of the legislative action.

(b) The ballot title for any vote of the people required under this section must be substantially as follows:

"Shall taxes be imposed on in order to allow a spending increase above last year's authorized spending adjusted for personal income growth?"

(3) (a) The state expenditure limit may be exceeded upon declaration of an emergency for a period not to exceed twenty-four months by a law approved by a two-thirds vote of each house of the legislature and signed by the governor. The law must set forth the nature of the emergency, which is limited to natural disasters that require immediate government action to alleviate human suffering and provide humanitarian assistance. The state expenditure limit may be exceeded for no more than twenty-four months following the declaration of the emergency and only for the purposes contained in the emergency declaration.

(b) Additional taxes required for an emergency under this section may be imposed only until thirty days following the next general election, unless an extension is approved at that general election. The additional taxes expire upon expiration of the declaration of emergency. The legislature may not impose additional taxes for emergency purposes under this subsection unless funds in the education construction fund have been exhausted.

(c) The state or any political subdivision of the state may not impose any tax on intangible property listed in RCW 84.36.070 as that statute exists on January 1, 1993.

(4) If the cost of any state program or function is shifted from

the state general fund to another source of funding, or if moneys are transferred from the state general fund to another fund or account, the state expenditure limit committee, acting pursuant to RCW 43.135.025(5), must lower the state expenditure limit to reflect the shift. For the purposes of this section, a transfer of money from the state general fund to another fund or account includes any state legislative action taken that has the effect of reducing revenues from a particular source, where such revenues would otherwise be deposited into the state general fund, while increasing the revenues from that particular source to another state or local government account. This subsection does not apply to: (a) The dedication or use of lottery revenues under RCW 67.70.240(1)(c), in support of education or education expenditures; (b) a transfer of moneys to, or an expenditure from, the budget stabilization account; or (c) a transfer of money to, or an expenditure from, the connecting Washington account established in RCW 46.68.395.

(5) If the cost of any state program or function and the ongoing revenue necessary to fund the program or function are shifted to the state general fund on or after January 1, 2007, the state expenditure limit committee, acting pursuant to RCW 43.135.025(5), must increase the state expenditure limit to reflect the shift unless the shifted revenue had previously been shifted from the general fund.

REQUIRES THE LEGISLATURE TO DECIDE FEES

Sec. 4. RCW 43.135.055 and 2013 c 1 s 4 are each amended to read as follows:

(1) A fee (~~((may only be imposed or increased))~~) increase in any fiscal year (~~((if))~~) must be approved with a simple majority vote in both the house of representatives and the senate. Only the legislature may decide the amount of a fee increase and it must be expressly stated in legislation, other than an omnibus appropriations act, so it can be subject to the ten-year cost

projection and any other accountability procedures required by RCW 43.135.031.

(2) A fee increase imposed in 2016 must expire on the effective date of this act if it was not enacted as required by subsection (1) of this section.

(3) Once the duration of a fee increase ends as provided in subsection (2) of this section, the department of revenue may not collect revenue from any fee increase not enacted as required by subsection (1) of this section.

(4) For purposes of this section, "fee increase" includes a new fee or an increase in an existing fee.

~~((+2+))~~ (5) This section does not apply to an assessment made by an agricultural commodity commission or board created by state statute or created under a marketing agreement or order under chapter 15.65 or 15.66 RCW, or to the forest products commission, if the assessment is approved by referendum in accordance with the provisions of the statutes creating the commission or board or chapter 15.65 or 15.66 RCW for approving such assessments.

STATUTORY REFERENCE UPDATES

Sec. 5. RCW 43.135.041 (Tax legislation – Advisory vote – Duties of the attorney general and secretary of state – Exemption) and 2013 c 1 s 6 are each amended to read as follows:

(1)(a) After July 1, 2011, if ~~((legislative action raising taxes as defined by RCW 43.135.033))~~ a tax increase is blocked from a public vote or is not referred to the people by a referendum petition found to be sufficient under RCW 29A.72.250, a measure for an advisory vote of the people is required and shall be placed on the next general election ballot under this chapter.

(b) If ~~((legislative action raising taxes))~~ a tax increase enacted after July 1, 2011, involves more than one revenue source, each tax being increased shall be subject to a separate measure for an advisory vote of the people under the requirements of this chapter.

(2) No later than the first of August, the attorney general will send written notice to the secretary of state of any tax increase that is subject to an advisory vote of the people, under the provisions and exceptions provided by this chapter. Within five days of receiving such written notice from the attorney general, the secretary of state will assign a serial number for a measure for an advisory vote of the people and transmit one copy of the measure bearing its serial number to the attorney general as required by RCW 29A.72.040, for any tax increase identified by the attorney general as needing an advisory vote of the people for that year's general election ballot. Saturdays, Sundays, and legal holidays are not counted in calculating the time limits in this subsection.

(3) For the purposes of this section, "blocked from a public vote" includes adding an emergency clause to a bill increasing taxes, bonding or contractually obligating taxes, or otherwise preventing a referendum on a bill increasing taxes.

(4) If (~~(legislative action raising taxes)~~) a tax increase is referred to the people by the legislature or is included in an initiative to the people found to be sufficient under RCW 29A.72.250, then the tax increase is exempt from an advisory vote of the people under this chapter.

Sec. 6. RCW 43.135.033 ("Raises taxes" defined) and 2016 c 1 s 6 (Initiative Measure No. 1366, approved November 3, 2015) are each amended to read as follows:

For the purposes of this chapter, "raises taxes" or "tax increase" means any action or combination of actions by the state legislature that increases state tax revenue deposited in any fund, budget, or account, regardless of whether the revenues are deposited into the general fund.

CONSTRUCTION CLAUSE

NEW SECTION. **Sec. 7.** The provisions of this act are to be liberally construed to effectuate the intent, policies, and purposes of this act.

SEVERABILITY CLAUSE

NEW SECTION. **Sec. 8.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

TITLE OF THE ACT

NEW SECTION. **Sec. 9.** This act is known and may be cited as "Tougher To Raise Taxes."

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